



MEMORANDUM

To: Kurt Triplett, City Manager
From: Marilynne Beard, Deputy City Manager
Date: September 16, 2016
Subject: 2017-2018 OUTSIDE AGENCY AND TOURISM BUDGET

Outside agency funding is allocated based on the following categories:

- **Partner Agencies** – Organizations that operate an ongoing program or facility owned by the City or provide services on behalf of the City. This designation was given to the Kirkland Performance Center, Bellevue YMCA for the Kirkland Teen Union Building, and the Kirkland Downtown Association.
- **Special Events** – Events that have significant public appeal and are substantially funded and staffed by the City. The Fourth of July fireworks display has been funded under this category. In 2014, the City Council adopted a policy identifying a category of “Community Events” that are significant community events primarily intended for Kirkland residents and that do not require an admission fee to attend. The City Council designated the 4th of July Celebration, Concerts in the Parks and the Holiday Tree Lighting events as Community Events.
- **Community Agency Funding** – Activities and projects that would be funded on a one-time basis through a competitive process. Total funding to be dispersed is determined on an annual basis.
- **Tourism Grants** – Tourism projects and activities that are eligible for funding from Lodging Tax funds. The Tourism Development Committee develops recommendations for Lodging Tax requests.

Looking Back at 2015 and 2016

Event Funding

In 2013-2014 to help fund Community Events, Waste Management, the City’s contracted waste hauler, agreed to contribute \$32,000 per year for each year remaining on the contract (5) and potentially another \$32,000 per year if the City executed the two one-year contract extensions. The first year of the funding was made available in 2014 and the City Council allocated the \$32,000 as follows:

- 4th of July Celebration -- \$16,000
- Summer Concert Series -- \$8,000
- Holiday Tree Lighting --- \$8,000

The City matched Waste Management’s contribution with one-time funding for a total of \$64,000 per year allocated as follows:

	2015	2016
4 th of July	\$32,000	\$32,000
Summer Concert Series	\$16,000	\$16,000
Holiday Tree Lighting	\$16,000	\$16,000
Total	\$64,000	\$64,000

In addition, a portion of the City’s annual support to the Kirkland Downtown Association of \$45,000 supports event organization and promotion. The 2015-16 budget continued the same level of funding.

Tourism Funding

For the 2015-16 budget, Council authorized a one-time increase of 0.23 FTE for tourism staff support in addition to a one time increase of \$15,000 in tourism grants from the base of \$50,000 to \$75,000. The staff support allowed for nine additional hours per week of work. Lodging Tax Fund reserves were authorized to cover this service increase. Over the past few years, cash reserves had accumulated beyond the amount needed for basic working capital purposes and the one-time increase was intended to draw down the available balance. However, Lodging Tax revenue increased 12.7% in 2015-2016 and reserves were not drawn down as planned. This temporary service level increase is scheduled to end December 31, 2016, unless reauthorized by the Council after a recommendation by the Tourism Development Committee.

Looking Ahead to 2017-2018

Event Funding

The 2017-2018 Budget continues support for outside agencies, however the contribution from Waste Management is reduced from \$128,000 to \$112,000 for the biennium, unless Kirkland extends or renegotiates the existing contract. Waste Management’s contract expires on June 30, 2018 and the City Council approved a resolution declaring its intent to conduct a Request for Proposal process at the end of the contract period. Waste Management has advised the City of their intent to discontinue their contributions if their contract is not renewed following the competitive process. The result is a reduction in 2018 from \$32,000 to \$16,000. If the contract is awarded to Waste Management again, they are likely to continue their special event contributions for the balance of the seven year period. City staff is continuing discussions with Waste Management staff. The City Manager is recommending that the City’s one-time funding of \$64,000 be maintained at that level through the biennium. Based on this recommendation and using the same allocation formula, the funding allocated by event and year from both the City and Waste Management would be as follows:

	2017	2018	2017-2018
4 th of July	\$32,000	\$24,000	\$56,000
Summer Concert Series	\$16,000	\$12,000	\$28,000
Holiday Tree Lighting	\$16,000	\$12,000	\$28,000
Total	\$64,000	\$48,000	\$112,000

Tourism Funding

The Tourism Development Committee (TDC) recommends continuing the one-time increase in outside agency funding approved in 2015 and 2016, but at a lower level for 2017-2018. The TDC recommends awarding \$60,000 per year to outside agencies producing events and programs that attract visitors from more than 50 miles away. The proposed 2017 budget recommends a \$10,000 increase in tourism funding from the base budget of \$50,000 which is a \$15,000 decrease from 2016. The \$10,000 increase is also recommended for 2018.

The TDC also recommends use of Lodging Tax funds to continue the 0.23 additional level of staffing for 2017 and 2018. The cost is a total of \$59,243 for the 2017-18 budget (\$29,530 for 2017, \$29,731 for 2018). Projected Lodging Tax revenue is projected to continue at the 2016 level and is sufficient to cover the added one-time costs without drawing down on reserves.

It should be noted that current legal analysis suggests that any modification to the TDC's proposed budget must be referred back to the committee for review and endorsement.

The following tables provide a summary of the recommended funding levels by type of funding. Partner agencies are funded in 2017 and 2018. Tourism grants were accepted and recommended for 2017 only; however, the 2018 budget includes the recommended allocation of \$60,000 to be distributed in 2018. A detailed summary of funding recommendations by agency and funding source is included at the end of this memo.

2017-2018 FUNDING REQUESTS AND RECOMMENDATIONS

By Funding Source	2015-2016 Approved	2017-2018 Requested	2017-2018 Recommended
GENERAL FUND			
Partner Agency -- Ongoing	410,000	410,000	410,000
Partner Agency -- One-Time	100,000	100,000	100,000
Community Events (City Portion Only)	<u>64,000</u>	<u>64,000</u>	<u>64,000</u>
Subtotal General Fund ----->	574,000	574,000	574,000

2017 FUNDING REQUESTS AND RECOMMENDATIONS

Lodging Tax	2016 Approved	2017 Requested	2017 Recommended
Tourism Grants	75,000	60,000	60,000

PARTNER AGENCIES - ONGOING

BELLEVUE YMCA/KTUB

The Bellevue YMCA operates the Teen Center (KTUB), a recreation, resource and arts center striving to meet the social, recreational and cultural needs of young people between the ages of 13 and 19 years old.

The Bellevue YMCA provides staffing for the KTUB an average of 35 hours and five days per week throughout the year, with longer hours during the summer months. They work with an Advisory Board comprised of youth and adults to assist in development and direction of a diverse array of programs and activities to meet the needs, interests and social development of Kirkland teens. Currently, the KTUB is funded through the Parks & Community Services Department as a partner agency at \$160,000 per year.

Project	2015-2018 Approved	2017-2018 Requested	2017-2018 Recommended	Source
KTUB Operations	\$320,000	\$320,000	\$320,000	Ongoing General Fund

KIRKLAND DOWNTOWN ASSOCIATION

The Kirkland Downtown Association (KDA) focuses on creating a more vibrant downtown for the Kirkland community. KDA develops and manages programs to support businesses in the downtown core and is funded as a partner agency at \$45,000 from the General Fund. KDA has also received Lodging Tax funds for events, which are awarded on an annual basis and are enumerated later in this report.

Project	2015-2016 Approved	2017-2018 Requested	2017-2018 Recommended	Source
KDA Programs	\$90,000	\$90,000	\$90,000	Ongoing General Fund

PARTNER AGENCIES – ONE-TIME

KIRKLAND PERFORMANCE CENTER

The Kirkland Performance Center (KPC) provides a theater facility in which arts, entertainment and community gatherings are held. KPC's mission is to provide cultural enrichment by offering a home for the presentation, support, and promotion of the performing arts. KPC provides high-quality arts education programs for local students and serves as a gathering place for Kirkland residents. The recommended budget maintains the one-time funding increase to \$50,000 per year for the KPC in 2015 and 2016.

Project	2015-2016 Approved	2017-2018 Requested	2017-2018 Recommended	Source
KPC Operations	\$100,000	\$100,000	\$100,000	One-Time General Fund

TOURISM FUNDING- ONE-TIME ANNUAL

2017 Tourism Development Committee (TDC) Recommendation

LITTLE LEAGUE INC. – JUNIOR SOFTBALL WORLD SERIES

The Junior Softball World Series is a week-long softball tournament involving regional all-star champions from all over the world. The event introduces people from around the world to Kirkland. It is also a major sporting event with a nationally-televised championship game.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Jr. Softball World Series	\$10,000	\$10,000	\$9,000	Lodging Tax Fund

KIRKLAND UNCORKED

Kirkland Uncorked, is an annual celebration of Washington wine, Eastside restaurants and art on Kirkland's picturesque waterfront.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Kirkland Uncorked	\$6,000	\$15,000	\$5,000	Lodging Tax Fund

SEATTLE INTERNATIONAL FILM FESTIVAL – SIFF KIRKLAND

The 43rd Seattle International Film festival will showcase 20 films from around the world at the Kirkland Performance Center. SIFF Kirkland will also feature an Opening Night film and party.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Annual SIFF	\$10,000	\$11,700	\$7,500	Lodging Tax Fund

KIRKLAND DOWNTOWN ASSOCIATION – KIRKLAND SUMMERFEST

Kirkland Summerfest is a weekend featuring: art, music, vendors, shopping, games, a beer and wine garden, kid's activities, art activities, play area, food and waterfront activities.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Kirkland Summerfest	\$6,000	\$10,000	\$5,000	Lodging Tax Fund

KIRKLAND EVENTS – KIRKLAND OKTOBERFEST

Seattle's largest authentic German Oktoberfest tradition returns for the 5th year expanding into Heritage Park with expanded entertainment options and family activities.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Kirkland Oktoberfest	\$7,000	\$22,000	\$4,500	Lodging Tax Fund

PROMOTION EVENTS – 12K'S OF CHRISTMAS HOLIDAY RUN

The 12K's of Christmas Holiday run showcasing the City of Kirkland as well as the Cross Kirkland Corridor is filled with costumes and holiday decorations. The family-friendly event also features a free kid's dash and 25+ vendor booths.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
12K's of Christmas Holiday Run	\$3,500	\$4,500	\$2,500	Lodging Tax Fund

PROMOTION EVENTS – MOTHER'S DAY HALF MARATHON

The Kirkland Half Marathon and 5k take place on Mother's Day each year and offers a scenic tour through Kirkland's neighborhoods.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Mother's Day Half Marathon	\$3,500	\$4,250	\$2,500	Lodging Tax Fund

KIRKLAND ARTS CENTER – KIRKLAND ARTISTS STUDIO TOUR

Kirkland Artist Studio Tours is a free, public art event that allows visitors to visit over 20 artists' studios within the neighborhoods of Kirkland.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
KAST	\$8,000	\$12,000	\$5,500	Lodging Tax Fund

KIRKLAND DOWNTOWN ASSOCIATION – CLASSIC CAR SHOW

The Kirkland Classic Car show is one of the premier shows in the Northwest, hosted by the KDA and Larry Hanson taking place in downtown Kirkland.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Classic Car Show	\$4,000	\$5,500	\$4,000	Lodging Tax Fund

KIRKLAND DOWNTOWN ASSOCIATION – KIRKLAND WINTERFEST AND TREE LIGHTING

Kirkland Winterfest and Tree Lighting is an annual event that marks the Holiday Season in Kirkland. The day consists of lighting the tree and providing entertainment and fun for families.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Kirkland Winterfest and Tree Lighting	\$3,000	\$8,000	\$3,000	Lodging Tax Fund

ATTAIN HOUSING – 7 HILLS OF KIRKLAND TO END HOMELESSNESS

The 7 Hills of Kirkland bike ride takes place on Memorial Day weekend each year as a way for the cycling community to fund raise for and support Attain Housing.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
7 Hills of Kirkland	\$6,500	\$10,000	\$2,500	Lodging Tax Fund

KIRKLAND DOWNTOWN ASSOCIATION – CELEBRATE KIRKLAND 4TH OF JULY

Celebrate Kirkland is one of the area's most popular parades and firework shows offering a kid's parade, a huge community parade with awards, entertainment, and a popular and well-loved fireworks show on the water for the community.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Celebrate Kirkland 4 th of July	\$3,500	\$6,000	\$3,000	Lodging Tax Fund

KIRKLAND DOWNTOWN ASSOCIATION – KIRKLAND WINE WALKS

The Kirkland Wine Walk is a wine adventure of local wineries at downtown Kirkland businesses. The Kirkland Chamber of Commerce and the Kirkland Downtown Association combine forces to create a high-impact event for the participants, wineries and local businesses.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Kirkland Wine Walks	n/a	\$3,000	\$3,000	Lodging Tax Fund

STUDIO EAST TRAINING FOR THE PERFORMANCE ARTS - STORYBOOK THEATRE & SUMMER TEEN SHOW

StoryBook Theatre introduces young children to live theater through original musicals based on familiar fairy tales, and perform over 40 shows at the KPC each year. The Summer Musical gives youth an opportunity to put on a full musical production with youth actors and an orchestra on a professional stage.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
Storybook Theatre and Summer Teen Show	\$4,000	\$8,000	\$1,000	Lodging Tax Fund

SEATTLE REPERTORY JAZZ ORCHESTRA – ELLA FITZGERALD 100TH BIRTHDAY BASH

For the centennial of the “First Lady of Song” in 2017, SRJO is pulling out all of the stops to celebrate Ella Fitzgerald, whose voice has thrilled audiences around the globe and remains the standard by which all jazz singers are measured.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
ELLA FITZGERALD 100 TH BIRTHDAY BASH	\$3,000	\$5,000	\$1,000	Lodging Tax Fund

KIRKLAND PERFORMANCE CENTER – THE FLYING KARAMOZOV BROTHERS

The Kirkland Performance Center presents the Flying Karamazov Brothers a group of multi-faceted new vaudevillians at the apex of their ambidextrous and alliterative ability.

Project	2016 Approved	2017 Requested	2017 Recommended	Source
The Flying Karamozov Brothers	\$3,500	\$3,500	\$1,000	Lodging Tax Fund

SUMMARY OF RECOMMENDED FUNDING

By Funding Source		2015-2016 Approved	2017-2018 Requested	2017-2018 Recommended
GENERAL FUND				
Partner Agency -- Ongoing				
Bellevue YMCA	KTUB Teen Center Operator	320,000	320,000	320,000
Kirkland Downtown Association	Program and Event Support	90,000	90,000	90,000
Subtotal Partners -- Ongoing		410,000	410,000	410,000
Partner Agency -- One-time				
Kirkland Performance Center	Operating Support	100,000	100,000	100,000
Subtotal Partners -- One-Time		100,000	100,000	100,000
Community Events (City Portion Only)				
Subtotal Community Events		64,000	64,000	64,000
Subtotal General Fund		574,000	574,000	574,000
		2016 Approved	2017 Requested	2017 Recommended
LODGING TAX FUND -- Tourism Grants				
Little League Inc.	Jr. Softball World Series	10,000	10,000	9,000
Kirkland Uncorked	Kirkland Uncorked	6,000	15,000	5,000
SIFF Kirkland	Seattle Int'l Film Festival	10,000	11,700	7,500
Kirkland Downtown Association	Summerfest	6,000	10,000	5,000
Kirkland Events	Kirkland Oktoberfest	7,000	22,000	4,500
Pro-Motion Events	12 K's of Christmas	3,500	4,500	2,500
Pro-Motion Events	Half Marathon & 5k	3,500	4,250	2,500
Kirkland Arts Center	Kirkland Artists Studio Tour	8,000	12,000	5,500
Kirkland Downtown Association	Classic Car Show	4,000	5,500	4,000
Kirkland Downtown Association	Winterfest and Tree Lighting	3,000	8,000	3,000
Attain Housing	7 Hill of Kirkland	6,500	10,000	2,500
Kirkland Downtown Association	Celebrate Kirkland 4th of July	3,500	6,000	3,000
Kirkland Downtown Association	Kirkland Wine Walk	n/a	3,000	3,000
Studio East	StoryBook Theater	4,000	8,000	1,000
Seattle Repretory Jazz Orchestra	Ella Fitzgerald 100th Birthday	3,000	5,000	1,000
Kirkland Performance Center	Flying Karamozov Bros.	3,500	3,500	1,000
Subtotal Lodging Tax		81,500	138,450	60,000